

ARIZONA CORPORATION COMMISSION
UTILITIES DIVISION

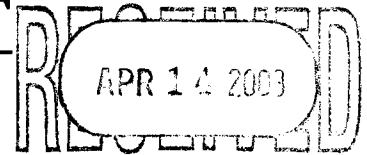
ANNUAL REPORT MAILING LABEL – MAKE CHANGES AS NECESSARY



W-01431A
Valle Verde Water Company
12 Garden View Drive
Nogales AZ 85621

ANNUAL REPORT

ARIZONA CORPORATION
COMMISSION



Director of Utilities

FOR YEAR ENDING

| | | |
|-----------|-----------|-------------|
| 12 | 31 | 2002 |
|-----------|-----------|-------------|

FOR COMMISSION USE

| | |
|--------|----|
| ANN 04 | 02 |
|--------|----|

15 APR 2003

*6/15/03
4-15-03
2002
assessments
and upla to
C.M.*

COMPANY INFORMATION

| | | | |
|--|-----------------------------|------------------------------------|--|
| Company Name (Business Name) | | VALLE VERDE WATER COMPANY | |
| Mailing Address | | 12 GARDEN VIEW DRIVE | |
| (Street) | | NOGALES, AZ 85621 | |
| (City) | (State) | (Zip) | |
| (520) 281-9272 | (520) 281-9272 | -- | |
| Telephone No. (Include Area Code) | Fax No. (Include Area Code) | Pager/Cell No. (Include Area Code) | |
| Email Address | | | |
| Local Office Mailing Address | | 12 GARDEN VIEW DRIVE | |
| (Street) | | NOGALES, AZ 85621 | |
| (City) | (State) | (Zip) | |
| (520) 281-9272 | (520) 281-9272 | | |
| Local Office Telephone No. (Include Area Code) | Fax No. (Include Area Code) | Pager/Cell No. (Include Area Code) | |
| Email Address | | | |

MANAGEMENT INFORMATION

| | | | | | |
|-----------------------------------|--|-----------------------------|--|------------------------------------|--|
| Management Contact: | | WILLIAM F. RANDALL | | OWNER/MANAGER | |
| (Name) | | (Title) | | | |
| 12 GARDEN VIEW DRIVE | | NOGALES | | AZ 85621 | |
| (Street) | | (City) | | (State) (Zip) | |
| (520) 281-9272 | | (520) 281-9272 | | -- | |
| Telephone No. (Include Area Code) | | Fax No. (Include Area Code) | | Pager/Cell No. (Include Area Code) | |
| Email Address | | | | | |
| On Site Manager: | | SAME | | | |
| (Name) | | | | | |
| (Street) | | (City) | | (State) (Zip) | |
| Telephone No. (Include Area Code) | | Fax No. (Include Area Code) | | Pager/Cell No. (Include Area Code) | |
| Email Address | | | | | |

Statutory Agent: WILLIAM F. RANDALL
(Name)
12 GARDEN VIEW DRIVE NOGALES AZ 85621
(Street) (City) (State) (Zip)
(52C) 281-9272 (52C) 281-9272 --
Telephone No. (Include Area Code) Fax No. (Include Area Code) Pager/Cell No. (Include Area Code)

Attorney: SAME
(Name)
(Street) (City) (State) (Zip)
Telephone No. (Include Area Code) Fax No. (Include Area Code) Pager/Cell No. (Include Area Code)

OWNERSHIP INFORMATION

Check the following box that applies to your company:

- | | |
|---|---|
| <input checked="" type="checkbox"/> Sole Proprietor (S) | <input type="checkbox"/> C Corporation (C) (Other than Association/Co-op) |
| <input type="checkbox"/> Partnership (P) | <input type="checkbox"/> Subchapter S Corporation (Z) |
| <input type="checkbox"/> Bankruptcy (B) | <input type="checkbox"/> Association/Co op (A) |
| <input type="checkbox"/> Receivership (R) | <input type="checkbox"/> Limited Liability Company |
| <input type="checkbox"/> Other (Describe) _____ | |

COUNTIES SERVED

Check the box below for the county/ies in which you are certificated to provide service:

- | | | |
|--|-----------------------------------|-----------------------------------|
| <input type="checkbox"/> APACHE | <input type="checkbox"/> COCHISE | <input type="checkbox"/> COCONINO |
| <input type="checkbox"/> GILA | <input type="checkbox"/> GRAHAM | <input type="checkbox"/> GREENLEE |
| <input type="checkbox"/> LA PAZ | <input type="checkbox"/> MARICOPA | <input type="checkbox"/> MOHAVE |
| <input type="checkbox"/> NAVAJO | <input type="checkbox"/> PIMA | <input type="checkbox"/> PINAL |
| <input checked="" type="checkbox"/> SANTA CRUZ | <input type="checkbox"/> YAVAPAI | <input type="checkbox"/> YUMA |
| <input type="checkbox"/> STATEWIDE | | |

COMPANY NAME

VALLE VERDE WATER COMPANY

2002

UTILITY PLANT IN SERVICE

| Acct. No. | DESCRIPTION | Original Cost (OC) | Accumulated Depreciation (AD) | O.C.L.D. (OC less AD) |
|--------------|---|-----------------------|-------------------------------------|--------------------------|
| 301 | Organization | | | |
| 302 | Franchises | 125. | 125. | -0- |
| 303 | Land and Land Rights | 86,093. | -0- | 86,093. |
| 304 | Structures and Improvements | 499,495. | 141,594. | 357,901. |
| 307 | Wells and Springs | 108,757. | 68,842. | 39,915. |
| 311 | Pumping Equipment | 140,587. | 92,443. | 48,144. |
| 320 | Water Treatment Equipment | 4,296. | 4,296. | -0- |
| 330 | Distribution Reservoirs and Standpipes | 282,778. | 92,536. | 190,242. |
| 331 | Transmission and Distribution Mains | 523,168. | 289,118. | 234,050. |
| 333 | Services | 62,747. | 40,635. | 22,112. |
| 334 | Meters and Meter Installations | 75,130. | 42,231. | 32,899. |
| 335 | Hydrants | 34,164. | 18,650. | 15,514. |
| 336 | Backflow Prevention Devices | | | |
| 339 | Other Plant and Misc. Equipment | 39,819. | 39,819. | -0- |
| 340 | Office Furniture and Equipment | 14,949. | 8,513. | 6,436. |
| 341 | Transportation Equipment | 56,598. | 27,163. | 29,435. |
| 343 | Tools, Shop and Garage Equipment | 21,102. | 19,224. | 1,878. |
| 344 | Laboratory Equipment | | | |
| 345 | Power Operated Equipment | 32,243. | 8,261. | 23,982. |
| 346 | Communication Equipment | | | |
| 347 | Miscellaneous Equipment | | | |
| 348 | Other Tangible Plant | | | |
| | TOTALS | 1,982,051. | 893,450. | 1,088,601. |

This amount goes on the Balance Sheet Acct. No. 108



CALCULATION OF DEPRECIATION EXPENSE FOR CURRENT YEAR

| Acct. No. | DESCRIPTION | Original Cost (1) | Depreciation Percentage (2) | Depreciation Expense (1x2) |
|--------------|--|----------------------|-----------------------------------|----------------------------------|
| 301 | Organization | | | |
| 302 | Franchises | 125.00 | -0- | -0- |
| 303 | Land and Land Rights | 86,093. | -0- | -0- |
| 304 | Structures and Improvements | 499,495. | 5 | 24,975. |
| 307 | Wells and Springs | 108,757. | 5 | 5,438. |
| 311 | Pumping Equipment | 140,587. | 5 | 7,029. |
| 320 | Water Treatment Equipment | 4,296. | -0- | -0- |
| 330 | Distribution Reservoirs and Standpipes | 282,778. | 5 | 14,139. |
| 331 | Transmission and Distribution Mains | 523,168. | 5 | 26,158. |
| 333 | Services | 62,747. | 5 | 3,137. |
| 334 | Meters and Meter Installations | 75,130. | 5 | 3,757. |
| 335 | Hydrants | 34,164. | 5 | 1,708. |
| 336 | Backflow Prevention Devices | | | |
| 339 | Other Plant and Misc. Equipment | 39,819. | -0- | -0- |
| 340 | Office Furniture and Equipment | 14,949. | 5 | 747. |
| 341 | Transportation Equipment | 56,598. | 5 | 2,830. |
| 343 | Tools, Shop and Garage Equipment | 21,102. | 5 | 1,055. |
| 344 | Laboratory Equipment | | | |
| 345 | Power Operated Equipment | 32,243. | 5 | 1,612. |
| 346 | Communication Equipment | | | |
| 347 | Miscellaneous Equipment | | | |
| 348 | Other Tangible Plant | | | |
| | TOTALS | 1,982,051. | 5 | 92,585. |

This amount goes on Comparative Statement of Income and Expense
Acct. No. 403.

BALANCE SHEET

| Acct. No. | | BALANCE AT BEGINNING OF YEAR | BALANCE AT END OF YEAR |
|--------------|---|------------------------------------|------------------------------|
| | ASSETS | | |
| | CURRENT AND ACCRUED ASSETS | | |
| 131 | Cash | \$ 20,326. | \$ 47,220. |
| 134 | Working Funds | | |
| 135 | Temporary Cash Investments | | |
| 141 | Customer Accounts Receivable | 47,224. | 37,919. |
| 146 | Notes/Receivables from Associated Companies | | |
| 151 | Plant Material and Supplies | | |
| 162 | Prepayments | | |
| 174 | Miscellaneous Current and Accrued Assets | 3,962. | 3,931. |
| | TOTAL CURRENT AND ACCRUED ASSETS | \$ 71,512. | \$ 89,070. |
| | FIXED ASSETS | | |
| 101 | Utility Plant in Service | \$ 1,963,222. | \$ 1,981,551. |
| 103 | Property Held for Future Use | | |
| 105 | Construction Work in Progress | | |
| 108 | Accumulated Depreciation – Utility Plant | (853,396.) | (952,556.) |
| 121 | Non-Utility Property | | |
| 122 | Accumulated Depreciation – Non Utility | | |
| | TOTAL FIXED ASSETS | \$ 1,109,826. | \$ 1,028,995. |
| | TOTAL ASSETS | \$ 1,181,338. | \$ 1,118,065. |

NOTE: The Assets on this page should be equal to **Total Liabilities and Capital** on the following page.

BALANCE SHEET (CONTINUED)

| Acct. No. | | BALANCE AT BEGINNING OF YEAR | BALANCE AT END OF YEAR |
|--------------|---|------------------------------------|------------------------------|
| | LIABILITIES | | |
| | CURRENT LIABILITIES | | |
| 231 | Accounts Payable | \$ | \$ |
| 232 | Notes Payable (Current Portion) | | |
| 234 | Notes/Accounts Payable to Associated Companies | | |
| 235 | Customer Deposits | 37,132. | 39,345. |
| 236 | Accrued Taxes | 2,151. | 2,436. |
| 237 | Accrued Interest | | |
| 241 | Miscellaneous Current and Accrued Liabilities | | |
| | TOTAL CURRENT LIABILITIES | \$ 39,283. | \$ 41,781. |
| | LONG-TERM DEBT (Over 12 Months) | | |
| 224 | Long-Term Notes and Bonds | \$ | \$ |
| | DEFERRED CREDITS | | |
| 251 | Unamortized Premium on Debt | \$ | \$ |
| 252 | Advances in Aid of Construction | 1,123,633. | 1,108,654. |
| 255 | Accumulated Deferred Investment Tax Credits | | |
| 271 | Contributions in Aid of Construction | 131,504. | 137,593. |
| 272 | Less: Amortization of Contributions | (45,191.) | (51,766.) |
| 281 | Accumulated Deferred Income Tax | | |
| | TOTAL DEFERRED CREDITS | \$ 1,209,946. | \$ 1,194,481. |
| | TOTAL LIABILITIES | \$ 1,249,229. | \$ 1,236,262. |
| | CAPITAL ACCOUNTS | | |
| 201 | Common Stock Issued | \$ | \$ |
| 211 | Paid in Capital in Excess of Par Value | | |
| 215 | Retained Earnings | | |
| 218 | Proprietary Capital (Sole Props and Partnerships) | 15,932. | (70,621.) |
| | TOTAL CAPITAL | \$ 15,932. | \$ (70,621.) |
| | TOTAL LIABILITIES AND CAPITAL | \$ 1,265,161. | \$ 1,165,641. |

COMPARATIVE STATEMENT OF INCOME AND EXPENSE

| Acct. No. | OPERATING REVENUES | PRIOR YEAR | CURRENT YEAR |
|----------------------|---|-------------------|---------------------|
| 461 | Metered Water Revenue | \$ 250,553. | \$ 256,263. |
| 460 | Unmetered Water Revenue | | |
| 474 | Other Water Revenues | 6,490. | 4,034. |
| | TOTAL REVENUES | \$ 257,043. | \$ 260,297. |
| | | | |
| | OPERATING EXPENSES | | |
| 601 | Salaries and Wages | \$ 107,152. | \$ 119,494. |
| 610 | Purchased Water | 1,250. | 1,154. |
| 615 | Purchased Power | 26,808. | 25,486. |
| 618 | Chemicals | 1,204. | 723. |
| 620 | Repairs and Maintenance | 24,645. | 18,043. |
| 621 | Office Supplies and Expense | 14,726. | 17,254. |
| 630 | Outside Services | 7,448. | 5,284. |
| 635 | Water Testing | 9,941. | 5,492. |
| 641 | Rents | 2,916. | 3,255. |
| 650 | Transportation Expenses | 11,654. | 18,169. |
| 657 | Insurance – General Liability | 8,331. | 7,562. |
| 659 | Insurance - Health and Life | | |
| 666 | Regulatory Commission Expense – Rate Case | 630. | 475. |
| 675 | Miscellaneous Expense | | |
| 403 | Depreciation Expense | 91,644. | 92,585. |
| 408 | Taxes Other Than Income | 6,192. | 6,551. |
| 408.11 | Property Taxes | 26,327. | 21,508. |
| 409 | Income Tax | | |
| | TOTAL OPERATING EXPENSES | \$ 340,868. | \$ 863,629. |
| | | | |
| | OPERATING INCOME/(LOSS) | \$ (83,825.) | \$ (603,332.) |
| | | | |
| | OTHER INCOME/(EXPENSE) | | |
| 419 | Interest and Dividend Income | \$ | \$ |
| 421 | Non-Utility Income | | |
| 426 | Miscellaneous Non-Utility Expenses | | |
| 427 | Interest Expense | | |
| | TOTAL OTHER INCOME/(EXPENSE) | \$ | \$ |
| | | | |
| | NET INCOME/(LOSS) | \$ (83,825.) | \$ (603,332.) |

SUPPLEMENTAL FINANCIAL DATA**Long-Term Debt N/A**

| | LOAN #1 | LOAN #2 | LOAN #3 | LOAN #4 |
|------------------------|----------------|----------------|----------------|----------------|
| Date Issued | | | | |
| Source of Loan | | | | |
| ACC Decision No. | | | | |
| Reason for Loan | | | | |
| Dollar Amount Issued | \$ | \$ | \$ | \$ |
| Amount Outstanding | \$ | \$ | \$ | \$ |
| Date of Maturity | | | | |
| Interest Rate | | | | |
| Current Year Interest | \$ | \$ | \$ | \$ |
| Current Year Principle | \$ | \$ | \$ | \$ |

Meter Deposit Balance at Test Year End

\$ 39,345.

Meter Deposits Refunded During the Test Year

\$ 2,747.

WATER COMPANY PLANT DESCRIPTION**WELLS**

| ADWR ID Number* | Pump Horsepower | Pump Yield (Gpm) | Casing Depth (Feet) | Casing Diameter (Inches) | Meter Size (inches) | Year Drilled |
|-----------------|-----------------|------------------|---------------------|--------------------------|---------------------|--------------|
| 55-617053 | 30 | 320 | 105 | 12 | 4 | 1954 |
| 55-617054 | 30 | 350 | 260 | 16 | 6 | 1972 |
| 55-617055 | 15 | 220 | 220 | 12 | 3 | 1971 |
| 55-513789 | 10 | 135 | 203 | 12 | 3 | 1987 |
| 55-500951 | 50 | 560 | 400 | 16 | 6 | 1982 |
| 55-502001 | 40 | 550 | 450 | 16 | 6 | 1982 |
| 55-801847 | 30 | 400 | 93 | 10 | 4 | 1933 |

- Arizona Department of Water Resources Identification Number

OTHER WATER SOURCES

| Name or Description | Capacity (gpm) | Gallons Purchased or Obtained (in thousands) |
|---------------------|----------------|--|
| NONE | NONE | NONE |
| | | |

| BOOSTER PUMPS | | FIRE HYDRANTS | |
|---------------|----------|-------------------|----------------|
| Horsepower | Quantity | Quantity Standard | Quantity Other |
| 100 | 2 | 45 | |
| 50 | 1 | | |
| 25 | 2 | | |
| | | | |

| STORAGE TANKS | | PRESSURE TANKS | |
|---------------|----------|----------------|----------|
| Capacity | Quantity | Capacity | Quantity |
| 800,000 | 1 | 10,000 | 2 |
| | | 5,000 | 2 |
| | | 3,000 | 3 |
| | | | |

WATER COMPANY PLANT DESCRIPTION (CONTINUED)**MAINS**

| Size (in inches) | Material | Length (in feet) |
|------------------|----------|------------------|
| 2 | PVC | 8,397 |
| 3 | AC | 920 |
| 4 | PVC | 16,480 |
| 5 | -0- | -0- |
| 6 | PVC | 19,818 |
| 8 | PVC | 3,220 |
| 10 | -0- | -0- |
| 12 | PVC | 400 |
| 16 | PVC | 2,175 |
| 18 | PVC | 1,070 |
| 3 | Steel | 1,300 |
| 4 | AC | 8,299 |
| | | |

CUSTOMER METERS

| Size (in inches) | Quantity |
|------------------|----------|
| 5/8 X 3/4 | 326 |
| 3/4 | 439 |
| 1 | 43 |
| 1 1/2 | 2 |
| 2 | 18 |
| Comp. 3 | 1 |
| Turbo 3 | |
| Comp. 4 | 1 |
| Tubo 4 | |
| Comp. 6 | |
| Tubo 6 | |
| | |
| | |

For the following three items, list the utility owned assets in each category.

TREATMENT EQUIPMENT: #320

This depreciated out in year 2001.

STRUCTURES: #339

Office building depreciated out in year 2000.

OTHER:

WATER USE DATA SHEET BY MONTH FOR CALENDAR YEAR 2002

| MONTH | NUMBER OF CUSTOMERS | GALLONS SOLD | GALLON PUMPED (Thousands) |
|-----------|---------------------|--------------|---------------------------|
| JANUARY | 829 | 9,192,000 | 9,292 |
| FEBRUARY | 829 | 6,917,000 | 7,917 |
| MARCH | 829 | 8,775,000 | 9,152 |
| APRIL | 830 | 10,182,000 | 11,520 |
| MAY | 830 | 12,812,000 | 15,108 |
| JUNE | 830 | 12,962,000 | 14,796 |
| JULY | 831 | 12,206,000 | 15,950 |
| AUGUST | 831 | 9,351,000 | 11,290 |
| SEPTEMBER | 832 | 9,309,000 | 12,290 |
| OCTOBER | 832 | 9,511,000 | 11,422 |
| NOVEMBER | 832 | 8,110,000 | 9,502 |
| DECEMBER | 832 | 8,094,000 | 10,102 |
| TOTAL | | N/A | 138,341 |

117,421,000^{cm}

Is the Water Utility located in an ADWR Active Management Area (AMA)?

☒ Yes☐ No

Does the Company have An ADWR Gallons Per Capita Per Day (GPCPD) requirement?

☒ Yes☐ NoIf yes, provide the GPCPD amount: 121 GPCPD

What is the level of arsenic for each well on your system. Well #1 (0.025 mg/l)

(If more than one well, please list each separately) Well #2 (0.025 #3 (0.025 #4 (0.025

Well #5 (0.025 #6 (0.005 #7 (0.025

Note: If you are filing for more than one system, please provide separate data sheets for each system.

YEAR ENDING 12/31/2002

Amount of actual property taxes paid during Calendar Year 2002 was: \$ 21,507.71

If no property taxes paid, explain why. _____

436

1. *Chlorophyll a* (Chl *a*)

• 241

5236 • 1987

• 100 • 231

935-961

1894-221

7204

1121

COMPANY NAME

VALLE VERDE WATER COMPANY

YEAR ENDING 12/31/2002

INCOME TAXES

For this reporting period, provide the following:

Federal Taxable Income Reported
Estimated or Actual Federal Tax LiabilityDon't know yet.State Taxable Income Reported
Estimated or Actual State Tax LiabilityDon't know yet.

Amount of Grossed-Up Contributions/Advances:

Amount of Contributions/Advances
Amount of Gross-Up Tax Collected
Total Grossed-Up Contributions/Advances1,246,247.1,246,247.

Decision No. 55774 states, in part, that the utility will refund any excess gross-up funds collected at the close of the tax year when tax returns are completed. Pursuant to this Decision, if gross-up tax refunds are due to any Payer or if any gross-up tax refunds have already been made, attach the following information by Payer: name and amount of contribution/advance, the amount of gross-up tax collected, the amount of refund due to each Payer, and the date the Utility expects to make or has made the refund to the Payer.

CERTIFICATION

The undersigned hereby certifies that the Utility has refunded to Payers all gross-up tax refunds reported in the prior year's annual report. This certification is to be signed by the President or Chief Executive Officer, if a corporation; the managing general partner, if a partnership; the managing member, if a limited liability company or the sole proprietor, if a sole proprietorship.

SIGNATURE

DATE

William F. Randall**PRINTED NAME**

Owner/Manager**TITLE**

VERIFICATION AND SWORN STATEMENT Intrastate Revenues Only

RECEIVED
APR 14 2003

VERIFICATION

STATE OF _____

I, THE UNDERSIGNED

OF THE

| | |
|--------------------------------|-----------------------------------|
| COUNTY OF (COUNTY NAME) | SANTA CRUZ |
| NAME (OWNER OR OFFICIAL) TITLE | WILLIAM F. RANDALL, OWNER/MANAGER |
| COMPANY NAME | VALLE VERDE WATER COMPANY |

DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION

FOR THE YEAR ENDING

| | | |
|-------|-----|------|
| MONTH | DAY | YEAR |
| 12 | 31 | 2002 |

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

SWORN STATEMENT

IN ACCORDANCE WITH THE REQUIREMENT OF TITLE 40, ARTICLE 8, SECTION 40-401, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS DURING CALENDAR YEAR 2002 WAS:

Arizona IntraState Gross Operating Revenues Only (\$)

\$ 278,232.

(THE AMOUNT IN BOX ABOVE
INCLUDES \$ 17,935.

IN SALES TAXES BILLED, OR COLLECTED

**REVENUE REPORTED ON THIS PAGE MUST INCLUDE SALES TAXES BILLED OR COLLECTED. IF FOR ANY OTHER REASON, THE REVENUE REPORTED ABOVE DOES NOT AGREE WITH TOTAL OPERATING REVENUES ELSEWHERE REPORTED, ATTACH THOSE STATEMENTS THAT RECONCILE THE DIFFERENCE. (EXPLAIN IN DETAIL)

William F. Randall
SIGNATURE OF OWNER OR OFFICIAL
(520) 281-9272
TELEPHONE NUMBER

SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF

THIS

10th

DAY OF

(SEAL)

MY COMMISSION EXPIRES

10.5.06

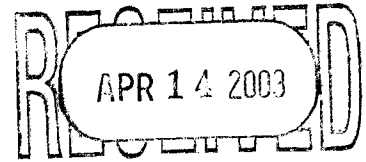
| | |
|---|-------|
| COUNTY NAME | |
| Santa Cruz Pima | |
| MONTH | YEAR |
| April | 20 03 |
| <i>Melissa Martinez</i> SIGNATURE OF NOTARY PUBLIC | |



Notary Public
Pima County, Arizona
My Comm. Expires 10-05-06

**VERIFICATION
AND
SWORN STATEMENT
RESIDENTIAL REVENUE
INTRASTATE REVENUES ONLY**

ARIZONA CORPORATION
COMMISSION



Director of Utilities

VERIFICATION

STATE OF ARIZONA

I, THE UNDERSIGNED

OF THE

| | |
|--|------------------------|
| (COUNTY NAME) SANTA CRUZ | |
| NAME (OWNER OR OFFICIAL) WILLIAM F. RANDALL | TITLE OWNER/MANAGER |
| COMPANY NAME VALLE VERDE WATER COMPANY | |

DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION

FOR THE YEAR ENDING

| | | |
|-------|-----|------|
| MONTH | DAY | YEAR |
| 12 | 31 | 2002 |

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

SWORN STATEMENT

IN ACCORDANCE WITH THE REQUIREMENTS OF TITLE 40, ARTICLE 8, SECTION 40-401.01, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS RECEIVED FROM RESIDENTIAL CUSTOMERS DURING CALENDAR YEAR 2002 WAS:

ARIZONA INTRASTATE GROSS OPERATING REVENUES

\$ 171,358.

(THE AMOUNT IN BOX AT LEFT
INCLUDES \$ 11,046.
IN SALES TAXES BILLED, OR COLLECTED

*RESIDENTIAL REVENUE REPORTED ON THIS PAGE
MUST INCLUDE SALES TAXES BILLED.

SIGNATURE OF OWNER OR OFFICIAL

SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF

THIS

10th

DAY OF

(SEAL)



MY COMMISSION EXPIRES

Melissa A. Martinez
Notary Public
Pima County, Arizona
My Comm. Expires 10-05-08

10.5.04

| | |
|--|-------|
| NOTARY PUBLIC NAME Melissa Martinez | |
| COUNTY NAME Santa Cruz | |
| MONTH April | 20 03 |

X
SIGNATURE OF NOTARY PUBLIC

WFO: WFO
TERMINAL: T20
DATE: 03/27/03

| | | | | | | | |
|-------------|---------------------------------|-------------------------|----------|-----------------------------|------------|--------------|----------|
| 11115 | TREASURER'S PROPERTY TAX SYSTEM | | | | | | 03/27/03 |
| | DISPLAY PROPERTY HISTORY | | | | | | |
| ===== | | | | | | | |
| PROPERTY-ID | 113-42-013- - | INT CALC DATE: 03/27/03 | | TAX AREA CODE: 0102 | | | |
| OWNER: | RANDALL WILLIAM & CATALINA S | | | | | | |
| ROLL NO. | TAX AMT | INT. AMT | FEES AMT | ACTIVITY | DATE | CD REFERENCE | |
| ===== | | | | | | | |
| ----- | | | | | | | |
| 99-00012753 | .00 | .00 | .00 | AMT DUE = | | .00 | |
| | 279.71 | .00 | .00 | PAYMNT | 10/28/99 S | 000137 | |
| | | | | TRANSAMERICA TAX SERVICE | | | |
| | 279.71 | .00 | .00 | PAYMNT | 04/28/00 S | 000209 | |
| | | | | COUNTRYWIDE FUNDING DEPT 72 | | | |
| ----- | | | | | | | |
| 00-00012982 | .00 | .00 | .00 | AMT DUE = | | .00 | |
| | 722.76 | 115.54 | 36.14 | PAYMNT | 01/17/02 X | | |
| | | | | VALLE VERDE WATER CK28622 | | | |
| ----- | | | | | | | |
| 01-00013312 | .00 | .00 | .00 | AMT DUE = | | .00 | |
| | 706.14 | .00 | .00 | PAYMNT | 11/01/01 X | | |
| ----- | | | | | | | |

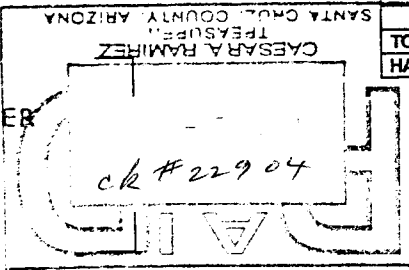
874.54

| PRIMARY TAX CALCULATION | | | | | | |
|---------------------------|-----------------|---------|----------------|-----------|----------|----------------|
| ITEM | LIMITED VALUE | ASSMT % | ASSESSED VALUE | EXEMPTION | TAX RATE | AD VALOREM TAX |
| LAND, BLDGS., ETC. | 589792 | 250 | 147449 | 0 | 76921 | 1134193 |
| PERSONAL PROPERTY | 57716 | 250 | 14429 | 0 | 76921 | 110989 |
| TOTALS | 647508 | | 161878 | 0 | | 1245182 |
| SECONDARY TAX CALCULATION | | | | | | |
| ITEM | FULL CASH VALUE | ASSMT % | ASSESSED VALUE | EXEMPTION | TAX RATE | AD VALOREM TAX |
| LAND | 87294 | 250 | 21824 | 0 | 39582 | 86383 |
| BLDGS., ETC. | 502498 | 250 | 125625 | 0 | 39582 | 497249 |
| PERSONAL PROPERTY | 57716 | 250 | 14429 | 0 | 33467 | 48290 |
| TOTALS | 647508 | | 161878 | 0 | | 631922 |

LEGAL DESCRIPTION
TOTAL VALUE OF OPERATING PROPERTY
105-24-023 87,294

VALLE VERDE WATER CO
WILLIAM F RANDALL/OWNER-MANAGER
12 GARDEN VIEW CT
NOGALES AZ

85621



40104
PARCEL IDENTIFICATION
928-30-150 8
TAX AREA CODE
0150

2001 2nd HALF RECEIPT

| 2001 TAX SUMMARY | | |
|----------------------|--------|---------|
| PRIMARY TAX | | 1245182 |
| LESS STATE AID | | 00 |
| NET PRIMARY TAX | | 1245182 |
| SECONDARY TAX | | 631922 |
| SPECIAL DISTRICT TAX | | 00 |
| PAY TOTAL OR HALF | | |
| TOTAL TAX DUE | | 1877104 |
| HALF TAX | | 938552 |
| TAXES | 938552 | |
| INTEREST | 125.14 | |
| OTHER | | |
| TOTAL | 951066 | |

COUNTY OF SANTA CRUZ ARIZONA TAX RECEIPT

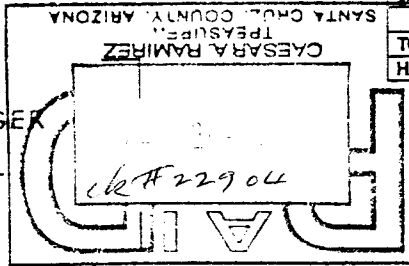
JAN 1, 2001 TO DEC 31, 2001

| PRIMARY TAX CALCULATION | | | | | | |
|---------------------------|-----------------|---------|----------------|-----------|----------|----------------|
| ITEM | LIMITED VALUE | ASSMT % | ASSESSED VALUE | EXEMPTION | TAX RATE | AD VALOREM TAX |
| LAND, BLDGS., ETC. | 121957 | 250 | 3242 | 0 | 76921 | 24938 |
| PERSONAL PROPERTY | 152725 | 250 | 38181 | 0 | 76921 | 293692 |
| TOTALS | 165692 | | 41423 | 0 | | 318630 |
| SECONDARY TAX CALCULATION | | | | | | |
| ITEM | FULL CASH VALUE | ASSMT % | ASSESSED VALUE | EXEMPTION | TAX RATE | AD VALOREM TAX |
| LAND | 1784 | 250 | 196 | 0 | 76432 | 1498 |
| BLDGS., ETC. | 121183 | 250 | 3046 | 0 | 76432 | 23282 |
| PERSONAL PROPERTY | 152725 | 250 | 38181 | 0 | 70317 | 268478 |
| TOTALS | 165692 | | 41423 | 0 | | 293258 |

LEGAL DESCRIPTION
TOTAL VALUE OF OPERATING PROPERTY
105-26-032 784

VALLE VERDE WATER CO
WILLIAM F RANDALL/OWNER-MANAGER
12 GARDEN VIEW CT
NOGALES AZ

85621



TAX ROLL NUMBER
40103
PARCEL IDENTIFICATION
928-30-101 6
TAX AREA CODE
0101

2001 2nd HALF RECEIPT

| 2001 TAX SUMMARY | | |
|----------------------|---------|--------|
| PRIMARY TAX | | 318630 |
| LESS STATE AID | | 00 |
| NET PRIMARY TAX | | 318630 |
| SECONDARY TAX | | 293258 |
| SPECIAL DISTRICT TAX | | 00 |
| PAY TOTAL OR HALF | | |
| TOTAL TAX DUE | | 611888 |
| HALF TAX | | 305944 |
| TAXES | 305944 | |
| INTEREST | 40.79 | |
| OTHER | | |
| TOTAL | 3100.23 | |

5-2-02
ck #22904

000

0.000

9,510.364

3,100.234

002

12,610.394

PARTIAL PAYMENT CASH RECEIPT

128

R

ATION

8

DE

SE SIDE
ION OF
AND

SANTA CRUZ COUNTY TREASURER

Oct. 30, 2002

RECEIVED OF

Valle Verde Water Co.
Six thousand one hundred fifty-four and 49/100ths

TAXES \$

6,154.40

INT.

TAX ROLL NO.

40386

PARCEL NO.

928-30-150

OTHER

TAX YEAR

2002 1st Half

CHECK NO.

23400

TOTAL

6,154.40

No 22211

(SIGNATURE)

1232

100

1232

9648

40

TAX TOTAL ON HALF TAX

TOTAL TAX DUE

1232.00

HALF TAX

616.00

DELINQUENT DATES

1st HALF NOV. 1, 2002

2nd HALF MAY 1, 2003

THIS IS THE ONLY NOTICE YOU WILL RECEIVE
NO RECEIPT WILL BE SENT UNLESS REQUESTED

PRIMARY PROPERTY TAX CALCULATION (1)

| ITEM | LIMITED VALUE | ASSTMT. % | ASSESSED VALUE | EXEMPTION | TAX RATE | AD VALOREM TAX |
|-------------------|---------------|-----------|----------------|-----------|----------|----------------|
| LAND, BLDGS, ETC. | 380811 | 250 | 95203 | 0 | 7.6551 | 728788 |
| PERSONAL PROPERTY | 43080 | 250 | 10770 | 0 | 7.6551 | 82444 |
| TOTALS | 423891 | | 105973 | 0 | | 811232 |

SECONDARY PROPERTY TAX CALCULATION (2)

| ITEM | FULL CASH VALUE | ASSTMT. % | ASSESSED VALUE | EXEMPTION | TAX RATE | AD VALOREM TAX |
|-------------------|-----------------|-----------|----------------|-----------|----------|----------------|
| LAND | 87294 | 250 | 21824 | 0 | 4.0221 | 87779 |
| BLDGS, ETC. | 293517 | 250 | 73379 | 0 | 4.0221 | 295137 |
| PERSONAL PROPERTY | 43080 | 250 | 10770 | 0 | 3.4106 | 36732 |
| TOTALS | 423891 | | 105973 | 0 | | 419648 |

2001-2002 TAX COMPARISON (4)

| TAX CODE | TAX JURISDICTION | 2002 PRIMARY | 2002 SECONDARY | 2002 TOTAL | 2001 TOTAL | DIFFERENCE |
|----------|-------------------------------|--------------|----------------|------------|------------|------------|
| 02000 | SANTA CRUZ COUNTY | 354871 | 33033 | 387904 | 576351 | -188447 |
| 02001 | SCHOOL EQUALIZATION | 51810 | 00 | 51810 | 80518 | -28708 |
| 07001 | NOGALES SD #1 | 404551 | 317802 | 722353 | 1113882 | -391529 |
| 11900 | FIRE DISTRICT ASSISTANCE FUND | 00 | 10597 | 10597 | 16188 | -5591 |
| 15001 | SANTA CRUZ COUNTY FCD | 00 | 58216 | 58216 | 90165 | -31949 |
| | TOTALS | 811232 | 419648 | 1230880 | 1877104 | -646224 |

TEAR OFF ALONG DOTTED LINES

TEAR OFF ALONG DOTTED LINES

PLEASE RETURN THIS PORTION WITH PAYMENT TO:

PARTIAL PAYMENT CASH RECEIPT

628

ER

ATION

1 6

ODE

USE SIDE
TION OF
AND

SANTA CRUZ COUNTY TREASURER

NOV 5, 20 02
as of Nov. 1, 2002RECEIVED OF Valle Verde Water Co.
one thousand seven hundred ninety-four — 24/100TAXES \$ 1,794.22INT. /TAX ROLL NO. 40385 PARCEL NO. 928-30-01OTHER /TAX YEAR 2002 CASH / CHECK NO. # 23401TOTAL 1,794.22AMOUNT PAID \$ 1,794.22BALANCE DUE \$ 1,794.22

PLUS INT.

Nº 22443

(SIGNATURE)

85844

00

85844

73000

00

TAX

| | |
|---------------|---------|
| TOTAL TAX DUE | 3588.44 |
| HALF TAX | 1794.22 |

DELINQUENT DATES

1st HALF NOV. 1, 2002

2nd HALF MAY 1, 2003

THIS IS THE ONLY NOTICE YOU WILL RECEIVE
NO RECEIPT WILL BE SENT UNLESS REQUESTED

| PRIMARY PROPERTY TAX CALCULATION (1) | | | | | | |
|--------------------------------------|---------------|-----------|----------------|-----------|----------|----------------|
| ITEM | LIMITED VALUE | ASSTMT. % | ASSESSED VALUE | EXEMPTION | TAX RATE | AD VALOREM TAX |
| LAND, BLDGS, ETC. | 7900 | 25.0 | 1975 | 0 | 7.6551 | 151.20 |
| PERSONAL PROPERTY | 89209 | 25.0 | 22302 | 0 | 7.6551 | 1707.24 |
| TOTALS | 97109 | | 24277 | 0 | | 1858.44 |

| SECONDARY PROPERTY TAX CALCULATION (2) | | | | | | |
|--|-----------------|-----------|----------------|-----------|----------|----------------|
| ITEM | FULL CASH VALUE | ASSTMT. % | ASSESSED VALUE | EXEMPTION | TAX RATE | AD VALOREM TAX |
| LAND | 784 | 25.0 | 196 | 0 | 7.6878 | 15.07 |
| BLDGS, ETC. | 7116 | 25.0 | 1779 | 0 | 7.6878 | 136.77 |
| PERSONAL PROPERTY | 89209 | 25.0 | 22302 | 0 | 7.0763 | 1578.16 |
| TOTALS | 97109 | | 24277 | 0 | | 1730.00 |

| 2001-2002 TAX COMPARISON (4) | | | | | | | |
|------------------------------|-------------------------------|--------------|----------------|------------|------------|------------|--|
| TAX CODE | TAX JURISDICTION | 2002 PRIMARY | 2002 SECONDARY | 2002 TOTAL | 2001 TOTAL | DIFFERENCE | |
| 02000 | SANTA CRUZ COUNTY | 812.97 | 756.8 | 888.65 | 1474.83 | -586.18 | |
| 02001 | SCHOOL EQUALIZATION | 118.69 | 00 | 118.69 | 206.04 | -87.35 | |
| 07001 | NOGALES SD #1 | 926.78 | 728.05 | 1654.83 | 2850.31 | -1195.48 | |
| 11202 | NOGALES SUBURBAN FD | 00 | 889.91 | 889.91 | 1526.44 | -636.53 | |
| 11900 | FIRE DISTRICT ASSISTANCE FUND | 00 | 242.8 | 242.8 | 414.3 | -171.5 | |
| 15001 | SANTA CRUZ COUNTY FCD | 00 | 120.8 | 120.8 | 198.3 | -77.5 | |
| TOTALS | | 1858.44 | 1730.00 | 3588.44 | 6118.88 | -2530.44 | |

COUNTY OF SANTA CRUZ

ARIZONA

TAX RECEIPT

JAN 1, 2002 TO DEC 31, 2002

| PRIMARY TAX CALCULATION | | | | | | |
|-------------------------|---------------|-----------|----------------|-----------|----------|----------------|
| ITEM | LIMITED VALUE | ASSTMT. % | ASSESSED VALUE | EXEMPTION | TAX RATE | AD VALOREM TAX |
| LAND, BLDGS, ETC. | 3000 | 16.0 | 480 | 0 | 7.6551 | 36.74 |
| PERSONAL PROPERTY | 0 | 0 | 0.0 | 0 | 0 | 0.00 |
| TOTALS | 3000 | | 480 | 0 | | 36.74 |

| SECONDARY TAX CALCULATION | | | | | | |
|---------------------------|-----------------|-----------|----------------|-----------|----------|----------------|
| ITEM | FULL CASH VALUE | ASSTMT. % | ASSESSED VALUE | EXEMPTION | TAX RATE | AD VALOREM TAX |
| LAND | 3000 | 16.0 | 480 | 0 | 7.0221 | 33.72 |
| BLDGS, ETC. | 0 | 0 | 0.0 | 0 | 0 | 0.00 |
| PERSONAL PROPERTY | 0 | 0 | 0.0 | 0 | 0 | 0.00 |
| TOTALS | 3000 | | 480 | 0 | | 33.72 |

LEGAL DESCRIPTION

WATER PLANT PARCEL (39049 SF); WELLS #5 (7288 SF); WELL #6 (601 SF) IN SEC 25 T23S R13E
DKTS 741/416, 741/419VALLE VERDE WATER COMPANY
RANDALL WILLIAM F
12 GARDEN VIEW CT
NOGALES

AZ 85621

ck# 23401
NOV 5 2002
as of Nov. 1
CESAR A. RAMIREZ
TREASURER
SANTA CRUZ COUNTY, ARIZONA

TAX ROLL NUMBER

13443

PARCEL IDENTIFICATION

113-43-017 4

TAX AREA CODE

0101

2002 1st HALF RECEIPT

| 2002 TAX SUMMARY | | | |
|----------------------|--|--|--------|
| PRIMARY TAX | | | 36.74 |
| LESS STATE AID | | | (0.00) |
| NET PRIMARY TAX | | | 36.74 |
| SECONDARY TAX | | | 33.72 |
| SPECIAL DISTRICT TAX | | | 0.00 |
| TOTAL TAX DUE | | | 70.46 |
| HALF TAX | | | 35.23 |

TAXES

INTEREST

OTHER

TOTAL

73.66

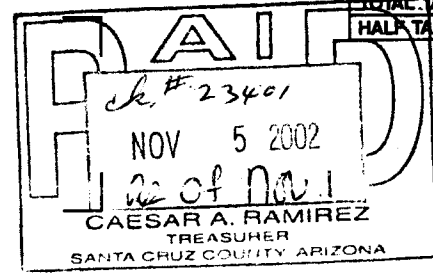
| PRIMARY TAX CALCULATION | | | | | | |
|---------------------------|-----------------|--------|----------------|-----------|----------|----------------|
| ITEM | LIMITED VALUE | ASMT % | ASSESSED VALUE | EXEMPTION | TAX RATE | AD VALOREM TAX |
| LAND, BLDGS., ETC. | 54762 | 100 | 5476 | 0 | 76551 | 41920 |
| PERSONAL PROPERTY | 0 | 0 | 0 | 0 | 0 | 0 |
| TOTALS | 54762 | | 5476 | 0 | | 41920 |
| SECONDARY TAX CALCULATION | | | | | | |
| ITEM | FULL CASH VALUE | ASMT % | ASSESSED VALUE | EXEMPTION | TAX RATE | AD VALOREM TAX |
| LAND | 5624 | 100 | 562 | 0 | 62848 | 3533 |
| BLDGS., ETC. | 59430 | 100 | 5943 | 0 | 62848 | 37349 |
| PERSONAL PROPERTY | 0 | 0 | 0 | 0 | 0 | 0 |
| TOTALS | 65054 | | 6505 | 0 | | 40882 |

| | |
|-----------------------|--------------|
| TAX ROLL NUMBER | 13399 |
| PARCEL IDENTIFICATION | 113-42-013 9 |
| TAX AREA CODE | 0102 |

2002 1st HALF RECEIPT

LEGAL DESCRIPTION
FIRESTONE GARDENS LOT 3
 CKTS 163/594,842/95(DC)842/98(33000),849/561,849/56

RANDALL WILLIAM & CATALINA S
 RANDALL WILLIAM & CATALINA S
 PO BOX 1212
 NOGALES AZ 85628



| 2002 TAX SUMMARY | | |
|----------------------|--|-------|
| PRIMARY TAX | | 41920 |
| LESS STATE AID | | 7316 |
| NET PRIMARY TAX | | 34604 |
| SECONDARY TAX | | 40882 |
| SPECIAL DISTRICT TAX | | 00 |
| PAY TOTAL FOR HALF | | |
| TOTAL TAX DUE | | 75486 |
| HALF TAX | | 37743 |

| | |
|----------|--------|
| TAXES | 377.43 |
| INTEREST | |
| OTHER | / |
| TOTAL | 377.43 |

| LAND, BLDGS., ETC. | 54762 | 100 | 5476 | 0 | 76551 | 41920 |
|--|-----------------|--------|----------------|-----------|----------|----------------|
| PERSONAL PROPERTY | 0 | 0 | 0 | 0 | 0 | 0 |
| TOTALS | 54762 | | 5476 | 0 | | 41920 |
| SECONDARY PROPERTY TAX CALCULATION (2) | | | | | | |
| ITEM | FULL CASH VALUE | ASMT % | ASSESSED VALUE | EXEMPTION | TAX RATE | AD VALOREM TAX |
| LAND | 5624 | 100 | 562 | 0 | 62848 | 3533 |
| BLDGS., ETC. | 59430 | 100 | 5943 | 0 | 62848 | 37349 |
| PERSONAL PROPERTY | 0 | 0 | 0 | 0 | 0 | 0 |
| TOTALS | 65054 | | 6505 | 0 | | 40882 |

HALF TAX 377.43

DELINQUENT DATES
 1st HALF NOV. 1, 2002
 2nd HALF MAY 1, 2003

THIS IS THE ONLY NOTICE YOU WILL RECEIVE
 NO RECEIPT WILL BE SENT UNLESS REQUESTED

| 2001-2002 TAX COMPARISON (4) | | | | | | |
|------------------------------|-------------------------------|--------------|----------------|------------|------------|------------|
| TAX CODE | TAX JURISDICTION | 2002 PRIMARY | 2002 SECONDARY | 2002 TOTAL | 2001 TOTAL | DIFFERENCE |
| 02000 | SANTA CRUZ COUNTY | 18338 | 2028 | 20366 | 18166 | 2200 |
| 02001 | SCHOOL EQUALIZATION | 2677 | 00 | 2677 | 2476 | 201 |
| 07001 | NOGALES SD #1 | 13589 | 19507 | 33096 | 31534 | 1562 |
| 11203 | RIO RICO FD | 00 | 14719 | 14719 | 14089 | 630 |
| 11900 | FIRE DISTRICT ASSISTANCE FUND | 00 | 650 | 650 | 639 | 11 |
| 15001 | SANTA CRUZ COUNTY FCD | 00 | 3978 | 3978 | 3910 | 68 |
| | TOTALS | 34604 | 40882 | 75486 | 70814 | 4672 |

TEAR OFF ALONG DOTTED LINES

TEAR OFF ALONG DOTTED LINES

PLEASE RETURN THIS PORTION WITH PAYMENT TO:

11-1-02 ch # 23401

11-1-02

000
 (Incl. in
 ch # 23401)
 acres 585.151
 office & lot 377.431
 002
 Randall, pers, 962.580

These two were
 billed to W.F. Randall,
 personally.

Valle Verde

office bldg.
 W.F. Randall